

House File 2473

AN ACT

RELATING TO ECONOMIC DEVELOPMENT AND THE USE OF FUNDS BY
ESTABLISHING PROGRAMS AND FUNDS, AFFECTING PROGRAMS, TAX
INCENTIVES, AND PROJECT COMPLETION AND OTHER ASSISTANCE
ADMINISTERED BY THE ECONOMIC DEVELOPMENT AUTHORITY, BY
REPLACING REFERENCES TO THE ECONOMIC DEVELOPMENT FUND AND
FINANCIAL ASSISTANCE PROGRAM, AND BY PROVIDING SPENDING
AUTHORITY, BY PROVIDING FOR PROPERLY RELATED MATTERS, AND
INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY
PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12,
and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section~~
~~15G.101~~ means nonwage compensation provided to an employee.

Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, "fiscal impact ratio" does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

13. ~~"Retained job" has the same meaning as defined in section 15G.101~~ means a full-time equivalent position, in existence at the time an employer applies for financial assistance which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance does not proceed.

Sec. 2. Section 15.327, Code Supplement 2011, is amended by adding the following new subsections:

NEW SUBSECTION. 1A. "Base employment level" means the number of full-time equivalent positions at a business, as established by the authority and a business using the business's payroll records, as of the date a business applies for incentives or project completion assistance under the program.

NEW SUBSECTION. 2A. "*Business engaged in disaster recovery*" means a business located in an area declared a disaster area by a federal official, that has sustained substantial physical damage, that has closed as the result of a natural disaster, and that has a plan for reopening that includes employing a substantial number of the employees the business employed before the natural disaster occurred.

NEW SUBSECTION. 6A. "*Financial assistance*" means assistance provided only from the funds, rights, and assets legally available to the authority pursuant to this chapter and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty payments.

NEW SUBSECTION. 7A. "*Full-time equivalent position*" means a non-part-time position for the number of hours or days per week considered to be full-time work for the kind of service or work performed for an employer. Typically, a full-time equivalent position requires two thousand eighty hours of work in a calendar year, including all paid holidays, vacations, sick time, and other paid leave.

NEW SUBSECTION. 7B. "*Fund*" means a fund created pursuant to section 15.335B.

NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level represented by those wages within two standard deviations from the mean wage within the laborshed area in which the eligible business is located, as calculated by the authority, by rule, using the most current covered wage and employment data available from the department of workforce development for the laborshed area.

NEW SUBSECTION. 7D. "*Maintenance period*" means the period of time between the project completion date and the maintenance period completion date.

NEW SUBSECTION. 9A. "*Program support*" means the services necessary for the efficient administration of this part, including the delivery of program services to eligible businesses. "*Program support*" may include the administrative costs of providing project assistance, conducting a statewide laborshed study in coordination with the department of workforce development, outreach to business and marketing of programs, the procurement of technical assistance, and the implementation of information technology.

NEW SUBSECTION. 9B. "*Project completion assistance*" means financial assistance or technical assistance provided to an eligible business in order to facilitate the start-up,

location, or expansion of the business in this state and provided in an expedient manner to ensure the successful completion of the start-up, location, or expansion project.

NEW SUBSECTION. 10A. *"Project completion period"* means the period of time between the date financial assistance is awarded and the project completion date.

Sec. 3. Section 15.329, subsection 1, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

To be eligible to receive incentives or assistance under this part, a business shall meet all of the following requirements:

Sec. 4. Section 15.329, subsection 1, paragraph b, Code Supplement 2011, is amended to read as follows:

b. (1) The business has not closed or substantially reduced operations in one area of this state and relocated substantially the same operations in a community in another area of this state shall not be solely relocating operations from one area of the state while seeking state or local incentives. A project that does not create new jobs or involve a substantial amount of new capital investment shall be presumed to be a relocation. In determining whether a business is solely relocating operations for purposes of this subparagraph, the authority shall consider a letter of support for the move from the affected local community.

(2) The business shall not be in the process of reducing operations in one community while simultaneously applying for assistance under the program. For purposes of this subparagraph, a reduction in operations within twelve months before or after an application for assistance is submitted to the authority shall be presumed to be a reduction in operations while simultaneously applying for assistance under the program.

(3) This paragraph shall not be construed to prohibit a business from expanding its operation in a community if existing operations of a similar nature in this state are not closed or substantially reduced.

Sec. 5. Section 15.329, subsection 1, paragraph c, subparagraphs (1) and (2), Code Supplement 2011, are amended to read as follows:

(1) If the business is creating jobs, the business shall demonstrate that the jobs will pay at least one hundred percent of the qualifying wage threshold at the start of the project completion period, at least one hundred ~~thirty~~ twenty percent of the qualifying wage threshold by the project completion

date, and at least one hundred ~~thirty~~ twenty percent of the qualifying wage threshold until the maintenance period completion date.

(2) If the business is retaining jobs, the business shall demonstrate that the jobs retained will pay at least one hundred ~~thirty~~ twenty percent of the qualifying wage threshold throughout both the project completion period and the maintenance period.

Sec. 6. Section 15.329, subsection 2, Code Supplement 2011, is amended by striking the subsection.

Sec. 7. Section 15.330, Code Supplement 2011, is amended to read as follows:

15.330 Agreement.

A business shall enter into an agreement with the authority specifying the requirements that must be met to confirm eligibility pursuant to this part. The authority shall consult with the community during negotiations relating to the agreement. The agreement shall contain, at a minimum, the following provisions:

1. A business that is approved to receive incentives or assistance under this part shall, for the length of the agreement, certify annually to the authority the compliance of the business with the requirements of the agreement. If the business receives a local property tax exemption, the business shall also certify annually to the community the compliance of the business with the requirements of the agreement.

2. The repayment of incentives or financial assistance by the business if the business does not meet any of the requirements of this part or the resulting agreement.

3. If a business that is approved to receive incentives or assistance under this part experiences a layoff within the state or closes any of its facilities within the state, the authority shall have the discretion to reduce or eliminate some or all of the incentives or assistance. If a business has received incentives or assistance under this part and experiences a layoff within the state or closes any of its facilities within the state, the business may be subject to repayment of all or a portion of the incentives or financial assistance that it has received.

4. A project completion date, a maintenance period completion date, the number of jobs to be created or retained, or certain other terms and obligations ~~described in section 15G.112, subsection 1, paragraph "d",~~ as the authority

deems necessary in order to make the requirements in project agreements uniform. The authority, with the approval of the board, may adopt rules as necessary for making such requirements uniform. Such rules shall be in compliance with the provisions of this part ~~and with the provisions of chapter 15G.~~

5. The amount and type of project completion assistance to be provided under section 15.335B.

6. The amount of matching funds to be received by a business from a city or county. The authority shall adopt by rule a formula for determining the amount of matching funds required under the program.

7. The business shall not be relocating or reducing operations as described in section 15.329, subsection 1, paragraph "b".

8. The proposed project shall not negatively impact other businesses in competition with the business being considered for assistance. The authority shall make a good-faith effort to identify existing Iowa businesses within an industry in competition with the business being considered for incentives or assistance. The authority shall make a good-faith effort to determine the probability that the proposed incentives or assistance will displace employees of the existing businesses. In determining the impact on businesses in competition with the business being considered for incentives or assistance, jobs created or retained as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created or retained.

9. A report submitted to the authority with its application describing all violations of environmental law or worker safety law within the last five years. If, upon review of the application, the authority finds that a business has a record of violations of the law, statutes, rules, or regulations that tends to show a consistent pattern, the authority shall not provide incentives or assistance to the business unless the authority finds either that the violations did not seriously affect public health, public safety, or the environment, or, if such violations did seriously affect public health, public safety, or the environment, that mitigating circumstances were present.

10. That the business shall only employ individuals legally authorized to work in this state. In addition to any and all other applicable penalties provided by current law, all

or a portion of the incentives or assistance received under this part by a business that is found to knowingly employ individuals not legally authorized to work in this state is subject to recapture by the authority or by the department of revenue.

11. Any terms deemed necessary by the authority to effect compliance with the eligibility requirements of section 15.329.

Sec. 8. NEW SECTION. 15.330A Maintenance of agreements.

1. An eligible business receiving incentives or assistance under this part shall meet all terms and obligations in an agreement by the project completion date, but the board may for good cause extend the project completion date or otherwise amend an agreement.

2. During the maintenance period an eligible business receiving incentives or assistance under this part shall continue to comply with the terms and obligations of an agreement entered into pursuant to section 15.330.

3. The authority may enforce the terms of an agreement as necessary and appropriate.

Sec. 9. Section 15.335A, subsection 1, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

Tax incentives are available to eligible businesses as provided in this section. The incentives are based upon the number of jobs created or retained that pay at least one hundred ~~thirty~~ twenty percent of the qualifying wage threshold ~~as computed pursuant to section 15G.112, subsection 4,~~ and the amount of the qualifying investment made according to the following schedule:

Sec. 10. Section 15.335A, subsection 2, paragraphs b, c, f, and g, Code Supplement 2011, are amended by striking the paragraphs.

Sec. 11. Section 15.335A, subsections 3 and 4, Code Supplement 2011, are amended by striking the subsections.

Sec. 12. Section 15.335A, subsection 5, Code Supplement 2011, is amended to read as follows:

5. The authority shall negotiate the amount of tax incentives provided to an applicant under the program in accordance with this section ~~and section 15G.112, as applicable.~~

Sec. 13. NEW SECTION. 15.335B Assistance for certain programs and projects.

1. a. Under the authority provided in section 15.106A, there shall be established one or more funds within the state

treasury, under the control of the authority, to be used for purposes of this section.

b. A fund established for purposes of this section shall consist of any moneys appropriated to the authority for purposes of this section, or moneys otherwise accruing to the authority and deposited in the fund for purposes of this section.

c. Interest or earnings on moneys in a fund used for the purposes of this section, and all repayments or recaptures of the assistance provided under this section, shall accrue to the authority and shall be used for purposes of this section, notwithstanding section 12C.7. Moneys in a fund are not subject to section 8.33.

2. *a.* The moneys in a fund established for purposes of this section, as described in subsection 1, shall be allocated by the authority in appropriate amounts to be used for the following purposes:

(1) For providing project completion assistance to eligible businesses under this part and for program support of such assistance.

(2) For providing economic development region financial assistance under section 15E.232, subsections 1, 3, 4, 5, and 6.

(3) For providing financial assistance for business accelerators pursuant to section 15E.351.

(4) For deposit in the innovation and commercialization fund created pursuant to section 15.412.

(5) For providing financial assistance to businesses engaged in disaster recovery.

(6) For deposit in the entrepreneur investment awards program fund pursuant to section 15E.363.

b. Each fiscal year, the authority shall estimate the amount of revenues available for purposes of this section and shall develop a budget appropriate for the expenditure of the revenues available.

3. In providing assistance under this section, the authority shall make a determination as to the amount and type of assistance that is most appropriate for facilitating the successful completion of an eligible business's project. Before making such a determination, the authority shall do all of the following:

a. Consider a business's eligibility for the tax incentives available under section 15.335A and ensure that the amount of

assistance to be provided appropriately complements the amount and type of tax incentives to be provided.

b. Consider the amount of private sector investment to be leveraged by the project, including the eligible business's equity investment, debt financing, and any venture capital or foreign investment available, and make a good-faith effort to provide only the amount of incentives and assistance necessary to facilitate the project's successful completion.

c. Consider the amount and type of the local community match. The authority may provide assistance to an early-stage business in a high-growth industry regardless of the amount of local match involved.

d. Calculate the fiscal impact ratio of the project and use it to guide the provision of incentives and assistance under this part.

e. Evaluate the quality of the project based on the factors described in section 15.329, subsection 5, and any other relevant factors.

f. Ensure that the combined amount of incentives and assistance are appropriate to the size of the project, to the value of the project, to the fiscal impact ratio of the project, and to any other relevant factors.

4. Each eligible business receiving assistance under this section shall enter into an agreement with the authority and the agreement shall meet the requirements of sections 15.330 and 15.330A.

Sec. 14. NEW SECTION. 15.335C Economically distressed areas.

1. *a.* Notwithstanding section 15.329, subsection 1, paragraph "c", the authority may provide tax incentives or project completion assistance under this part to an eligible business paying less than one hundred twenty percent of the qualifying wage threshold if that business is located in an economically distressed area.

b. A business in an economically distressed area receiving incentives or assistance pursuant to this section shall be required to pay at least one hundred percent of the qualifying wage threshold.

2. For purposes of this section, "*economically distressed area*" means a county that ranks among the bottom twenty-five of all Iowa counties, as measured by one of the following:

a. Average monthly unemployment level for the most recent twelve-month period.

b. Average annualized unemployment level for the most recent five-year period.

Sec. 15. Section 15A.7, subsection 3, Code Supplement 2011, is amended to read as follows:

3. That the employer shall agree to pay wages for the jobs for which the credit is taken of at least the ~~county wage or the regional~~ laborshed wage, as calculated by the authority pursuant to section ~~15G.112~~ 15.327, subsection 3, ~~whichever is lower~~ 7C. Eligibility for the supplemental credit shall be based on a one-time determination of starting wages by the community college.

Sec. 16. Section 15E.193, subsection 1, paragraph b, subparagraph (1), Code Supplement 2011, is amended to read as follows:

(1) The business shall provide a sufficient package of benefits to each employee holding a created or retained job. For purposes of this paragraph, "*created job*" and "*retained job*" have the same meaning as defined in section ~~15G.101~~ 15.327.

Sec. 17. Section 15E.193, subsection 1, paragraphs c and d, Code Supplement 2011, are amended to read as follows:

c. The business shall pay a wage that is at least ninety percent of the qualifying wage threshold. For purposes of this paragraph, "*qualifying wage threshold*" has the same meaning as defined in section ~~15G.101~~ 15.327.

d. Creates or retains at least ten full-time equivalent positions and maintains them until the maintenance period completion date. For purposes of this paragraph, "*maintenance period completion date*" and "*full-time equivalent position*" have the same meanings as defined in section ~~15G.101~~ 15.327.

Sec. 18. Section 15E.231, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

In order for an economic development region to receive ~~moneys under the economic development financial assistance program established in section 15G.112~~ assistance pursuant to section 15.335B, an economic development region's regional development plan must be approved by the authority. An economic development region shall consist of not less than three counties, unless two contiguous counties have a combined population of at least three hundred thousand based on the most recent federal decennial census. An economic development region shall establish a focused economic development effort that shall include a regional development plan relating to one or more of the following areas:

Sec. 19. Section 15E.232, subsections 1, 3, 4, 5, and 6, Code Supplement 2011, are amended to read as follows:

1. An economic development region may apply for financial assistance from ~~the economic development~~ a fund established pursuant to section 15.335B to assist with the installation of physical infrastructure needs including, but not limited to, horizontal infrastructure, water and sewer infrastructure, and telecommunications infrastructure, related to the development of fully served business and industrial sites by one or more of the region's economic development partners or for the installation of infrastructure related to a new business location or expansion. In order to receive financial assistance pursuant to this subsection, the economic development region must demonstrate all of the following:

a. The ability to provide matching moneys on a basis of a one dollar contribution of local matching moneys for every two dollars received from the economic development fund.

b. The commitment of the specific business partner including, but not limited to, a letter of intent defining a capital commitment or a percentage of equity.

c. That all other funding alternatives have been exhausted.

3. An economic development region may apply for financial assistance from ~~the economic development~~ a fund established pursuant to section 15.335B to assist an existing business threatened with closure due to a potential consolidation to an out-of-state location. The economic development region may apply for financial assistance from the economic development fund for the purchase, rehabilitation, or marketing of a building that has become available due to the closing of an existing business due to a consolidation to an out-of-state location. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every three dollars received from the economic development fund.

4. An economic development region may apply for financial assistance from ~~the economic development~~ a fund established pursuant to section 15.335B to establish and operate an entrepreneurial initiative. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every two dollars received from the economic development

fund.

5. *a.* An economic development region may apply for financial assistance from ~~the economic development~~ a fund established pursuant to section 15.335B to establish and operate a business succession assistance program for the region.

b. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a basis of a one dollar contribution of local moneys for every two dollars received from the economic development fund.

6. An economic development region may apply for financial assistance from ~~the economic development~~ a fund established pursuant to section 15.335B to implement economic development initiatives that are either unique to the region or innovative in design and implementation. In order to receive financial assistance under this subsection, an economic development region must demonstrate the ability to provide local matching moneys on a one-to-one basis.

Sec. 20. Section 15E.351, subsection 1, Code Supplement 2011, is amended to read as follows:

1. The economic development authority shall establish and administer a business accelerator program to provide financial assistance for the establishment and operation of a business accelerator for technology-based, value-added agricultural, information solutions, alternative and renewable energy including the alternative and renewable energy sectors listed in section 476.42, subsection 1, paragraph "a", subparagraph (1), or advanced manufacturing start-up businesses or for a satellite of an existing business accelerator. The program shall be designed to foster the accelerated growth of new and existing businesses through the provision of technical assistance. The economic development authority may provide financial assistance under this section from moneys allocated for ~~regional~~ financial assistance for business accelerators pursuant to section ~~15G.111~~ 15.335B, subsection 9 2.

Sec. 21. NEW SECTION. 15E.362 Entrepreneur investment awards program.

1. The authority shall establish and administer an entrepreneur investment awards program for purposes of providing grants to programs that provide technical and financial assistance to entrepreneurs seeking to create, locate, or expand a business in the state if the business

derives or intends to derive more than ten percent of its gross sales from markets outside of the state. Financial assistance under the program shall be provided from the entrepreneur investment awards program fund created in section 15E.363.

2. In determining whether an entrepreneur assistance program qualifies for a grant under the entrepreneur investment awards program, the authority shall find that the entrepreneur assistance program demonstrates all of the following:

a. The entrepreneur assistance program expended at least five hundred thousand dollars in the program's previous fiscal year to provide technical and financial assistance to entrepreneurs seeking to create, locate, or expand a business in the state if the business derives or intends to derive more than ten percent of its gross sales from markets outside of the state. The five hundred thousand dollars in expenditures in the program's previous fiscal year shall not include grants awarded pursuant to this section or any funds invested in clients' businesses.

b. The entrepreneur assistance program provides services to meet the broad-based needs of entrepreneurs seeking to create, locate, or expand a business in the state if the business derives or intends to derive more than ten percent of its gross sales from markets outside of the state.

c. The entrepreneur assistance program communicates with and cooperates with other entrepreneur assistance programs and similar service providers in the state.

d. The entrepreneur assistance program engages various funding sources for entrepreneurs seeking to create, locate, or expand a business in the state if the business derives or intends to derive more than ten percent of its gross sales from markets outside of the state.

e. The entrepreneur assistance program communicates with and cooperates with various entities for purposes of locating suitable facilities for clients of the entrepreneur assistance program.

f. The entrepreneur assistance program is an Iowa-based business.

3. In determining whether an entrepreneur assistance program qualifies for a grant under the entrepreneur investment awards program, the authority may consider any of the following:

a. The business experience of the professional staff employed or retained by the entrepreneur assistance program.

b. The business plan review capacity of the entrepreneur assistance program's professional staff.

c. The expertise of the entrepreneur assistance program's professional staff in all aspects of business disciplines.

d. The entrepreneur assistance program's professional staff's access to external service providers including legal, accounting, marketing, and financial services.

4. Upon being awarded a grant under this section, the entrepreneur assistance program shall accept client referrals from the economic development authority.

5. The amount of a grant awarded to a qualifying entrepreneur assistance program shall not exceed the lesser of the following for any fiscal year:

a. An amount equal to twenty-five percent of the funds expended by the qualifying program in the program's previous fiscal year to provide technical and financial assistance to entrepreneurs seeking to create, locate, or expand a business in the state if the business derives or intends to derive more than ten percent of its gross sales from markets outside of the state. For purposes of this paragraph, "funds expended" shall not include grants awarded pursuant to this section or any funds invested in clients' businesses.

b. An amount equal to one hundred percent of funds raised by the entrepreneur assistance program in the previous fiscal year from private foundations, federal or local government funds, financial institutions, or individuals.

c. Two hundred thousand dollars.

6. The grant awarded to a qualifying entrepreneur assistance program shall only be used for the purpose of the operating costs incurred by the program.

7. The economic development authority board may approve, deny, or defer each application for a grant from the entrepreneur investment awards program fund created in section 15E.363.

8. The maximum amount of the total grants awarded by the authority for the entrepreneur investment awards program shall not exceed one million dollars in a fiscal year. The authority shall award the grants on a first-come, first-served basis.

9. The authority may contract with outside service providers for assistance with the grant program described in this section or may delegate the administration of the program to the Iowa innovation corporation pursuant to section 15.106B.

10. The authority shall not award a grant to an entrepreneur

assistance program from the entrepreneur investment awards program fund after June 30, 2014. It is the intent of the general assembly to review and assess the success of the entrepreneur investment awards program based on the report provided by the economic development authority.

11. The economic development authority shall conduct a comprehensive review of the entrepreneur investment awards program and shall, by December 31, 2013, submit a report of the findings of the review, as well as any recommendations and cost projections of its recommendations, to the governor and the general assembly. The report shall consist of the following information:

a. The number of grants awarded, the total amount of the grants awarded, the total amount expended on the entrepreneur investment awards program, and the number of entrepreneur investment awards to entrepreneur assistance programs that were the subject of repayment or collection activity.

b. The number of applications received by the authority for the program and the status of the applications.

c. For each entrepreneur assistance program receiving moneys from the entrepreneur investment awards program fund, the following information:

(1) The amount the entrepreneur assistance program received from the entrepreneur investment awards program fund.

(2) The number of entrepreneurs creating a business in the state that were assisted by the entrepreneur assistance program and the number of new jobs associated with the business.

(3) The number of entrepreneurs locating or expanding a business in the state that were assisted by the entrepreneur assistance program and the number of new or retained jobs associated with the business.

(4) The entrepreneur assistance program's location.

(5) The amount, if any, of private and local matching funds received by the entrepreneur assistance program.

d. The number of clients referred by the authority to an entrepreneur assistance program receiving moneys from the entrepreneur investment awards program fund.

e. An evaluation of the investment made by the state of Iowa in the entrepreneur investment awards program.

f. Any other information the authority deems relevant to assessing the success of the entrepreneur investment awards program.

Sec. 22. NEW SECTION. 15E.363 Entrepreneur investment

awards program fund.

1. An entrepreneur investment awards program fund is created in the state treasury under the control of the authority and consisting of any moneys appropriated by the general assembly and any other moneys available to and obtained or accepted by the authority for placement in the fund.

2. Payments of interest, repayments of moneys provided, and recaptures of moneys provided shall be deposited in the fund.

3. The fund shall be used to provide grants under the entrepreneur investment awards program established in section 15E.362.

4. Moneys in the fund are not subject to section 8.33. Notwithstanding section 12C.7, interest or earnings on moneys in the fund shall be credited to the fund.

Sec. 23. Section 159A.6B, subsection 2, Code Supplement 2011, is amended to read as follows:

2. The office may execute contracts in order to provide technical support and outreach services for purposes of assisting and educating interested persons as provided in this section. The office may also contract with a consultant to provide part or all of these services. The office may require that a person receiving assistance pursuant to this section contribute up to fifty percent of the amount required to support the costs of contracting with the consultant to provide assistance to the person. The office shall assist the person in completing any technical information required in order to receive assistance by the economic development authority pursuant to ~~the value-added agriculture component of the economic development financial assistance program established pursuant to section 15G.112~~ section 15.335B.

Sec. 24. Section 266.19, Code Supplement 2011, is amended to read as follows:

266.19 Renewable fuel — assistance.

The university shall cooperate in assisting renewable fuel production facilities supporting livestock operations managed by persons receiving assistance pursuant to ~~the value-added agriculture component of the economic development financial assistance program established in section 15G.112~~ section 15.335B.

Sec. 25. Section 455B.104, subsection 2, Code Supplement 2011, is amended to read as follows:

2. The department shall assist persons applying for assistance to establish and operate renewable fuel production

facilities pursuant to ~~the value-added agriculture component of the economic development financial assistance program established in section 15G.112~~ section 15.335B.

Sec. 26. REPEAL. Section 455B.433, Code Supplement 2011, is repealed.

Sec. 27. RULES. The economic development authority shall adopt rules for the implementation of this division of this Act.

DIVISION II

TARGETED INDUSTRIES PROGRAM

Sec. 28. Section 15.102, subsection 11, Code Supplement 2011, is amended to read as follows:

11. *"Targeted industries"* means the ~~same as defined in section 15.411, subsection 1~~ industries of advanced manufacturing, biosciences, and information technology.

Sec. 29. Section 15.106B, subsection 2, paragraph d, subparagraph (1), Code Supplement 2011, is amended by adding the following new subparagraph divisions:

NEW SUBPARAGRAPH DIVISION. (g) Services related to outreach and assistance to businesses for small business innovation research and technology transfer pursuant to section 15.411, subsection 5, or services related to accelerating the generation and development of innovative ideas and businesses pursuant to section 15.411, subsection 6.

NEW SUBPARAGRAPH DIVISION. (h) Services related to the administration of an entrepreneur investment awards program pursuant to section 15E.362.

Sec. 30. Section 15.117A, subsection 2, paragraph a, subparagraph (5), Code Supplement 2011, is amended to read as follows:

(5) ~~The person appointed as the chief information officer pursuant to section 8A.201A, or, if no person has been so appointed, the director of the department of administrative services~~ workforce development, or the director's designee.

Sec. 31. Section 15.411, Code Supplement 2011, is amended to read as follows:

~~15.411 Targeted industries~~ Innovative business development — internships — technical and financial assistance.

1. As used in this part, unless the context otherwise requires:

a. "Innovative business" means the same as defined in section 15E.52.

~~a.~~ b. "Internship" means temporary employment of a student

that focuses on providing the student with work experience in the student's field of study.

~~b. "Targeted industries" means the industries of advanced manufacturing, biosciences, and information technology.~~

2. The authority ~~shall, upon board approval,~~ may contract with service providers on a case-by-case basis for services related to statewide commercialization development ~~in the targeted industries of innovative businesses~~. Services provided shall include all of the following:

a. Assistance provided directly to businesses by experienced serial entrepreneurs for all of the following activities:

- (1) Business plan development.
- (2) Due diligence.
- (3) Market assessments.
- (4) Technology assessments.
- (5) Other planning activities.

b. Operation and coordination of various available competitive seed and prototype development funds.

c. Connecting businesses to private angel investors and the venture capital community.

d. Assistance in obtaining access to an experienced pool of managers and operations talent that can staff, mentor, or advise start-up enterprises.

e. Support and advice for accessing sources of early stage financing.

3. The authority shall establish and administer a program to provide financial and technical assistance to encourage prototype and concept development activities by innovative businesses that have a clear potential to lead to commercially viable products or services within a reasonable period of time ~~in the targeted industries~~. Financial assistance shall be awarded on a per project basis upon board approval. ~~The amount of financial assistance available for a single project shall not exceed one hundred fifty thousand dollars.~~ In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every two dollars received from the authority. For purposes of this section, "financial assistance" means assistance provided only from the funds, rights, and assets legally available to the authority pursuant to this chapter and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty payments.

~~4. The authority shall, upon board approval, establish~~

~~and administer a program to provide financial assistance for projects designed to encourage collaboration between commercial users and developers of information technology in the state for the purpose of commercializing existing software and applications technologies. Financial assistance shall not exceed one hundred thousand dollars per project. In order to receive financial assistance, an applicant must demonstrate the ability to secure two dollars of nonstate moneys for every one dollar received from the authority. Financial assistance shall be awarded to projects that will result in technologies being developed as commercial products for sale by Iowa companies rather than as custom applications for proprietary use by a participating firm.~~

~~5. The authority shall, upon board approval, establish and administer a program to provide financial assistance to businesses or departments of businesses engaged in the delivery of information technology services in the state for the purpose of upgrading the high-level technical skills of existing employees. The amount of financial assistance shall not exceed twenty-five thousand dollars for any business site. In order to receive financial assistance, an applicant must demonstrate the ability to secure two dollars of nonstate moneys for every one dollar received from the authority.~~

~~6.~~ 4. The authority shall, upon board approval, establish and administer a ~~targeted industries~~ an innovative businesses internship program for Iowa students. For purposes of this subsection, "*Iowa student*" means a student of an Iowa community college, private college, or institution of higher learning under the control of the state board of regents, or a student who graduated from high school in Iowa but now attends an institution of higher learning outside the state of Iowa. The purpose of the program is to link Iowa students to small and medium sized Iowa firms ~~in the targeted industries~~ through internship opportunities. An Iowa employer may receive financial assistance in an amount of one dollar for every two dollars paid by the employer to an intern. The amount of financial assistance shall not exceed three thousand one hundred dollars for any single internship, or nine thousand three hundred dollars for any single employer. In order to be eligible to receive financial assistance under this subsection, the employer must have five hundred or fewer employees and must be ~~engaged in a targeted industry~~ an innovative business. The authority shall encourage youth who reside in economically

distressed areas, youth adjudicated to have committed a delinquent act, and youth transitioning out of foster care to participate in the targeted industries internship program.

~~7. The economic development authority shall work with the department of workforce development to create a statewide supplier capacity and product database to assist the economic development authority in linking suppliers to Iowa-based companies. The economic development authority may procure technical assistance for the creation of the database from a third party through a request for proposals process.~~

~~8. The technology commercialization committee created pursuant to section 15.116 shall review all applications for financial assistance and requests for proposals pursuant to this section and make recommendations to the board.~~

~~9. In each fiscal year, the authority may transfer additional moneys that become available to the authority from sources such as loan repayments or recaptures of awards from federal economic stimulus funds to the innovation and commercialization development fund created in section 15.412, provided the authority spends those moneys for the implementation of the recommendations included in the separate consultant reports on bioscience, advanced manufacturing, information technology, and entrepreneurship submitted to the department in calendar years 2004, 2005, and 2006.~~

5. a. (1) The authority shall establish and administer an outreach program for purposes of assisting businesses with applications to the federal small business innovation research and small business technology transfer programs.

(2) The goals of this assistance are to increase the number of successful phase II small business innovation research grant proposals in the state, increase the amount of such grant funds awarded in the state, stimulate subsequent investment by industry, venture capital, and other sources, and encourage businesses to commercialize promising technologies.

b. (1) In administering the program, the authority may provide technical and financial assistance to businesses. Financial assistance provided pursuant to this subsection shall not exceed twenty-five thousand dollars to any single business.

(2) The authority may require successful applicants to repay the amount of financial assistance received, but shall not require unsuccessful applicants to repay such assistance. Any moneys repaid pursuant to this subsection may be used to provide financial assistance to other applicants.

c. The authority may also provide financial assistance for purposes of helping businesses meet the matching funds requirements of the federal small business innovation research and small business technology transfer programs.

d. The authority may contract with outside service providers for assistance with the programs described in this subsection or may delegate the functions to be performed under this subsection to the corporation pursuant to section 15.106B.

6. a. The authority shall establish and administer a program to accelerate the generation and development of innovative ideas and businesses. The program shall include assistance for the expansion of the proof of commercial relevance concept, the expansion of investment in applied research, and support for a manufacturing extension partnership program.

b. The authority may contract with outside service providers for assistance with the program described in this subsection or may delegate the functions to be performed under this subsection to the corporation pursuant to section 15.106B.

~~10.~~ 7. The board shall adopt rules pursuant to chapter 17A necessary for the administration of this section.

Sec. 32. Section 15.412, subsections 2 and 3, Code Supplement 2011, are amended to read as follows:

2. Moneys in the fund are appropriated to the authority and, with the approval of the board, shall be used to facilitate agreements, enhance commercialization ~~in the targeted industries,~~ and increase the availability of skilled workers ~~within the targeted industries~~ in innovative businesses. Such moneys shall not be used for the support of retail businesses, health care businesses, or other businesses requiring a professional license.

3. Moneys in the fund, ~~with the approval of the board,~~ may also be used for the following purposes:

a. For assistance to entities providing student internship opportunities.

~~b. For increasing career awareness training.~~

~~c. For recruiting management talent.~~

~~d.~~ b. For assistance to entities engaged in prototype and concept development activities.

~~e.~~ c. For developing a statewide commercialization network.

~~f. For deploying and maintaining an Iowa entrepreneur website.~~

~~g. For funding asset mapping and supply chain initiatives,~~

~~including for identifying methods of supporting lean manufacturing practices or processes.~~

~~h. For information technology training.~~

~~i. For networking events to facilitate the transfer of technology among researchers and industries.~~

~~j. For funding student competition programs.~~

~~k. For the purchase of advanced equipment and software at Iowa community colleges in order to support training and coursework related to the targeted industries.~~

d. For establishing and administering the programs described in section 15.411.

Sec. 33. Section 15E.52, subsection 1, paragraph c, Code Supplement 2011, is amended to read as follows:

c. "*Innovative business*" means a business applying novel or original methods to the manufacture of a product or the delivery of a service. "*Innovative business*" includes but is not limited to a business engaged in ~~a targeted industry as defined in section 15.411~~ the industries of advanced manufacturing, biosciences, and information technology.

DIVISION III

OTHER ECONOMIC DEVELOPMENT CHANGES

Sec. 34. Section 15.106A, subsection 1, paragraph o, Code Supplement 2011, is amended to read as follows:

o. Establish one or more funds within the state treasury under the control of the authority. Moneys deposited in or accruing to such a fund are appropriated to the authority for purposes of administering the economic development programs in this chapter, chapter 15E, or such other programs as directed by law. Notwithstanding section 8.33 or 12C.7, or any other provision to the contrary, moneys invested by the treasurer of state pursuant to this subsection shall not revert to the general fund of the state and interest accrued on the moneys shall be moneys of the authority and shall not be credited to the general fund. The nonreversion of moneys allowed under this paragraph does not apply to moneys appropriated to the authority by the general assembly.

Sec. 35. Section 15.107B, subsection 1, Code Supplement 2011, is amended to read as follows:

1. On or before January 31 of each year, the director shall submit to the authority board and the general assembly a report that describes the activities of the authority during the preceding fiscal year. The report shall include detailed information about jobs created, capital invested, wages paid,

and awards made under the programs the authority administers. The report may include such other information as the director deems necessary or as otherwise required by law. Subsequent to submitting the report and within the same session of the general assembly, the director shall discuss and review the report with the general assembly's standing committees on economic growth and rebuild Iowa.

Sec. 36. NEW SECTION. 15.113 Tax lien and delinquency search requirement.

Before authorizing tax incentives or disbursing moneys to a person or business applying for assistance under any of the authority's programs, the authority shall conduct a search for outstanding state or local tax liability, tax liens, or other related delinquencies. The authority shall not authorize tax incentives or disburse moneys if the result of the search shows that the applicant is currently delinquent in the payment of state or local taxes or is otherwise in substantial noncompliance with Iowa tax law.

Sec. 37. Section 97B.1A, subsection 8, paragraph a, subparagraph (12), Code Supplement 2011, is amended by striking the subparagraph.

Sec. 38. REPEAL. Sections 15.103 and 15.104, Code Supplement 2011, are repealed.

Sec. 39. HOUSING ENTERPRISE ZONE TAX CREDIT ISSUANCE.

1. Notwithstanding section 15E.193B, subsection 4, the authority may issue a tax credit to an eligible housing business for a project not completed within two years from the time the business began construction if a city failed to file the appropriate paperwork with the authority requesting an extension for the project pursuant to section 15E.193B, subsection 4.

2. The authorization described in subsection 1 only applies to projects for which a city failed to file an extension between January 1, 2007, and January 1, 2008, and only to benefits earned for a project between February 8, 2005, and February 8, 2008.

Sec. 40. EFFECTIVE UPON ENACTMENT. The following provision or provisions of this division of this Act, being deemed of immediate importance, take effect upon enactment:

1. The section of this Act amending section 97B.1A.

Sec. 41. RETROACTIVE APPLICABILITY. The following provision or provisions of this division of this Act apply retroactively to July 1, 2011:

1. The section of this Act amending section 97B.1A.

KRAIG PAULSEN
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2473, Eighty-fourth General Assembly.

W. CHARLES SMITHSON
Chief Clerk of the House

Approved _____, 2012

TERRY E. BRANSTAD
Governor